



EMBARGOED UNTIL RELEASE AT 1:00 PM EST, MONDAY, February 2, 2004

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BEA 04-06

U.S. Bureau of Economic Analysis to Improve Economic Statistics with FY 2005 Budget

Today, President Bush submitted his FY 2005 budget to Congress and included an important increase for the U.S. Bureau of Economic Analysis (BEA). The President's FY 2005 budget request for BEA totals \$82 million. Of this request, \$12.2 million is dedicated to initiatives to improve the accuracy and timeliness of the nation's economic statistics.

These budget initiatives include accelerating the release of six of the Nation's most important economic statistics, improving the accuracy and quality of BEA's statistics by a number of improvements including incorporating real-time data, providing new estimates of the value of derivatives, and providing improved data on manufacturing.

Commerce Secretary Donald L. Evans said, "By providing business leaders and government policymakers the information they need when they need it, we help them make informed decisions that affect jobs, income and economic growth."

BEA Director J. Steven Landefeld said, "We have made great progress in improving our measures of the economy over the past several years with the support of the Administration and Congress. But much remains to be done to keep these measures of U.S. economic activity as timely, relevant and accurate, as is demanded by our users."

The President's FY 2005 request will continue to accelerate the release of key economic statistics. For example, BEA made progress in FY 2003 toward improving the accuracy of its data with better measures of profits and stock options and with more timely and accurate estimates of industry production and its cost.

Highlights of the FY 2005 budget request include:

- **Accelerating the release of six key economic statistics:** BEA proposes to accelerate the release of six economic statistics with funds requested in FY 2005. These statistics include:

Acceleration of Key Economic Statistics at BEA

Statistic	Uses	Acceleration
International trade in goods and services ¹	Trade negotiations, trade policy development, and international competitiveness analyses	Accelerate by 2 weeks
Gross state product	Allocation of federal funds, local budget planning, and economic development purposes	Accelerate by 13 months
Metropolitan personal income	Business location planning, transportation planning, and environmental policy	Accelerate by 8 months
County personal income	Allocation of local funds, economic development, and local budget forecasts	Accelerate by 7 months
U.S. personal income	Provides broadest measure of household spending and economic well-being.	Accelerate by 2 weeks
Gross domestic product	Monetary, fiscal and public policies, business strategic planning, investment, and financing.	Accelerate by 2 weeks

¹ Contingent on Census Bureau work to accelerate trade data.

- **Improving accuracy of estimates by using real-time data:** The U.S. economy is constantly changing, but often the federal statistical system is not able to record these changes in a timely fashion. BEA will correct this problem by acquiring and incorporating real-time data, such as monthly scanner data and business-to-business resell, into its accounts. This simple and proven method of improving data quality will help BEA provide users with information that more quickly reflects current economic conditions.
- **Continuing to meet U.S. international commitments:** The U.S. and the International Monetary Fund (IMF) have stated that past debt crises may have intensified because timely and accurate data about worsening financial conditions were unavailable. This initiative would ease the data gap, encourage other nations to begin and strengthen their compliance, and update the U.S. balance of payments to recognize financial derivatives and other instruments important to the U.S. and world financial markets.
- **Developing current business investment data with employment and compensation impacts:** This initiative would produce up-to-date, annual estimates on business investment spending by industry for equipment and other goods that indicate where high-tech and other investments are going and how they affect productivity in manufacturing and other industries. New estimates of employment and compensation data by industry provide information on the impacts of economic change on job losses and gains, and on average earnings by industry.

For additional information about BEA's proposed FY 2005 budget see BEA's Web site:

www.bea.gov

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